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ABSTRACT

This module, one of six on teaching consumer matters to low-income groups, focuses on budgeting and managing money. Budgeting is examined in two contexts: skills which apply to everyone at every income level and skills which specifically apply to low-income people. Topics include how to write a budget (starting a group workshop, small group work, calculating income, calculating expenses, balancing the budget, paying bills, record keeping, getting out of debt), and signs of financial trouble. A list of related materials available on a free-loan basis from the Office of Consumer Affairs and other sources of related information and asistance conclude the document. (CT)

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A Money Planner

Teaching Budgeting Skills to Low-Income Consumers

By

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U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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TABLE OF CONTENTS

PAGE

I. BEFORE YOU BEGIN..... 1

II. WRITING A BUDGET -- AND TEACHING CLIENTS HOW TO WRITE A BUDGET..... 3

A. STARTING A GROUP WORKSHOP..... 3
B. SMALL GROUP WORK..... 4
C. CALCULATING INCOME..... 4

EXAMPLES OF HOW TO CALCULATE INCOME..... 6

D. CALCULATING EXPENSES..... 7

AN EXAMPLE OF HOW TO CALCULATE EXPENSES..... 8

1. Fixed and Flexible Expenses..... 9

EXAMPLES OF FIXED AND FLEXIBLE EXPENSES.... 10

2. Savings..... 11

E. BALANCING THE BUDGET -- THE HARDEST PART..... 11

1. Housing Costs..... 11
2. Food Bills..... 12
3. Transportation..... 13
4. Insurance..... 13
5. Medical Bills..... 13
6. Other Expenses..... 14
7. Elderly Clients..... 15
8. A Few Final Suggestions..... 15

F. PAYING BILLS ON TIME..... 15

AN EXAMPLE OF HOW TO LIST DUE DATES..... 16

TWO EXAMPLES OF BILL-PAYING SCHEDULES..... 17

PAGE

G. HOW TO PAY BILLS AND KEEP RECORDS..... 19

1. Cash..... 19
2. Money Orders..... 20
3. Checks..... 21
4. Which Method to Use?..... 21
5. Record Keeping..... 21

AN EXAMPLE OF HOW TO KEEP A RECORD..... 22

H. GETTING OUT OF DEBT..... 23

III. SIGNS OF FINANCIAL TROUBLE..... 24

IV. RELATED MATERIALS AVAILABLE ON A FREE-LOAN BASIS FROM THE OFFICE OF CONSUMER AFFAIRS..... 25

V. OTHER SOURCES OF RELATED INFORMATION AND ASSISTANCE. 26

I. BEFORE YOU BEGIN...

Budgeting and managing money are among the most important skills you can help your clients develop. And yet, it is rare that these skills are formally taught. Many people go through life budgeting intuitively, without consciously using a specific procedure for organizing how they spend their money. This process can work if there is enough money to cover all the expenses, and if no financial emergencies arise. For most people, however, a lack of a deliberate scheme of organizing their money has the potential for serious financial consequences.

For low-income people, budgeting may seem unnecessary -- after all, why budget when there is not enough money anyway? Precisely the opposite, in fact, is true! The smaller the margin for error, the *greater* the need for a careful budget. For example, compare a well-to-do business executive living on $50,000 per year to a welfare client living on $2,400 per year. If the business executive makes a spending error of $30.00, that error can be fairly easily absorbed. For the welfare client, however, a $30.00 error could eliminate the family's food money for a week. People with low incomes need good budgeting skills *at least* as much as people with middle and high incomes.

Budgeting skills are the same skills at any income level. The specific choices differ greatly (a business executive may budget a trip to Europe or a new car, while a welfare client will budget for school clothes and shoes for the children), but the skills for writing a budget and making it work are the same.

Budgeting involves choices about how you spend your money. Your values are extremely important as you make decisions in spending. At all income levels, people *need* to spend money on essentials, such as food, clothing and shelter, and also *want* to spend money for items which are not necessities, such as beer or cigarettes. One person may spend a minimum for necessities while building up a savings account. A welfare client may go out to a movie every two weeks, but never buy beer. Another may prefer to buy a pack of cigarettes a day, but give up buying coffee. Any of these choices is perfectly acceptable, as long as the family's basic needs are met. A well-planned budget allows a family to make choices based on a way of living

that allows the family to pay all the bills, and have money left for a few luxury items, whether those luxuries are a fancy car, a summer vacation, or a six-pack of beer.

In this manual, therefore, we will examine budgeting in two contexts. The first context is the general set of budgeting skills which apply to everyone at every income level. The second context is how those skills specifically apply to low-income people. In addition, we will present ideas for teaching budgeting skills to a group of people, with emphasis on the special concerns of low-income consumers.

II. WRITING A BUDGET -- AND TEACHING CLIENTS HOW TO WRITE A BUDGET

How do you set up a budget? To write a workable budget, there are two pieces of information which you must have: how much money there is coming in, and how much there is going out. If the amount coming in is equal to or greater than the amount going out, there is no problem. If the amount going out is greater, however, some changes must be made. Sound simple? It can be!

A. Starting a Group Workshop

One very effective way to help your clients improve their budgeting skills is to work with them as a group. Working with a group accomplishes two things: it allows you to discuss general budgeting hints with several people at once, thereby avoiding the need for repetition in private sessions, and it allows the people with whom you work to assist one another in improving their budgeting skills.

One way to start your workshop is by asking the questions: "If you had managed your money perfectly, how could you tell? What would it be like if you had managed your money as effectively as you possibly could?" The first answer you would probably receive is "It would be like heaven!" But most people will also give some very practical answers, such as "there would be no debts left over at the end of the month", "there would be money to put into savings", or "there would not be a debt collector knocking at the door!" If these questions do not generate a response, try asking the reverse: "If you have *not* managed your money well, what is it like?" Virtually everyone can answer this question very easily. After you receive answers to the negative question, simply turn the answers around to find the signs of good money management. For example, if a sign of poor money management is that some of the bills do not get paid, then a sign of good money management is that all the bills are paid. If a sign of poor money management is that the rent is late, then a sign of good money management is that the rent is paid on time. If a sign of poor money management is that your

furniture is repossessed, then a sign of good money management is that your furniture is still in your living room. Write the answers on the blackboard as you receive them.

Another approach is to ask: "Who is the best money manager you know, and why?" The answers to the second part of this question will assist your group in identifying those skills and practices which lead to good money management.

B. Small Group Work

The next step is to break the large group into small groups of four or five people. Have each group work with the same income, and have them develop a budget as a group. The specific income the groups work with is not as important as the budgeting process itself. However, although it might be fun, do *not* use a high income, such as $75,000 per year. Instead, use a monthly amount which is representative of the income most people in the group actually receive. And make sure that the participants use amounts for expenses which are reasonable as well. In other words, do not use $25.00 as a monthly rent if, in fact, a family would have to pay $165.00. Allow the groups about twenty minutes to work on their budgets, including as many expenses as they possibly can. Then bring the large group back together again, and have someone from each group describe the budget that the small group worked out to the large group. Note the similarities and differences among the groups. And encourage sharing from one group to another. If someone has successfully managed to live well on a low budget, then that person is best qualified to advise the rest of the group on how to manage. By talking together, you and your clients may learn many specific hints and ideas which could make a large difference in the overall budget. And since rents, prices, and amounts allocated for public assistance vary from one area to another, people who live in the same geographical area often can advise each other the most effectively as to viable alternatives available in the area.

C. Calculating Income

At this point, it is best to switch from the less

formal, trial-and-error group work to a more formal discussion of how to budget. The first topic to discuss is how to calculate income.

To calculate the monthly income, examine the take-home pay -- that is, the amount actually on a paycheck, after taxes and other deductions are subtracted. If the check is for one week's pay, multiply the amount by four. If the check is for two weeks, or half a month, multiply the amount of one paycheck by two. And if the check is one month's pay, use the amount on the check. This gives you the basic monthly income (Occasionally a person who is paid weekly will receive five checks in a month, and a person who is paid bi-weekly will receive three checks in one month. However, in writing a monthly budget, do not consider this extra income).

Next, add in any additional income which is dependable and regular, such as child support or social security which is *always* received. Do *not* include anticipated income which is not dependable, such as gifts or child support which does not come regularly. Add this amount to the basic monthly income. This total is the monthly income which will be used to determine the budget.

EXAMPLES OF HOW TO CALCULATE INCOME

BASIC MONTHLY INCOME

Pay Period	Amount on Paycheck		Number of Pay Periods Per Month		BASIC MONTHLY INCOME
Weekly	$100.00	x	4	=	$400.00
Bi-weekly or Semi-monthly	$200.00	x	2	=	$400.00
Monthly	$400.00	x	1	=	$400.00

ADDITIONAL INCOME

Child support = $60.00 per month

TOTAL INCOME

Basic monthly income	=	$400.00
Child support	=	+ 60.00
TOTAL INCOME	=	$460.00

DO NOT ADD:

1. Anticipated gifts.
2. Child support which does not come regularly.
3. Anticipated raises before they actually occur.
4. Other income which is not regular or dependable.

D. Calculating Expenses

Now have the group list everything for which people spend money: rent, food, utilities, and so on. Do not leave out anything. If someone normally buys a pack of cigarettes each day, that expense must be included in that person's budget. If another person goes to the movies twice a month, that cost must be written down. If someone has trouble remembering all the expenses, then a good exercise to suggest is to keep track of all expenses for one month. Write down every penny that is spent. It is important not to cheat: if an expense if left out of a budget, there will not be enough money to pay for it.

If there are expenses which occur once every three months, twice a year, or yearly -- such as insurance payments or taxes -- compute them into the monthly budget as well. Simply prorate the cost to determine what it is on a monthly basis, and set that amount aside each month.

Remember to allocate money for anticipated costs, such as auto repairs. To determine an amount for car repairs, budget an amount that will allow routine monthly maintenance costs and minor repairs. In months when no repairs are needed, the allocated amount can be set aside, building a small fund for future, more costly repairs.

AN EXAMPLE OF HOW TO CALCULATE EXPENSES

EXPENSE	AMOUNT
Rent	$165.00
Car maintenance and operation	65.00
Utilities (electricity, oil, gas)	60.00
Food (in addition to food stamps)	40.00
Installment loan	20.00
Medical bills and prescriptions	20.00
Clothing	20.00
Car insurance	15.00
Telephone	15.00
Child care	10.00
Laundry	10.00
Savings	10.00
Life insurance	5.00
Miscellaneous	5.00
TOTAL MONTHLY EXPENSES =	$460.00

1. Fixed and Flexible Expenses. At this point, many people divide their expenses into the categories of fixed and flexible expenses. Talk formally with your group about the differences between fixed and flexible expenses. A fixed expense is one which must be paid each month, and which is precisely the same from one month to the next, such as rent or installment payments. A flexible expense is one which may occur monthly or occasionally, and which may vary in amount, such as utilities, food bills, or medical bills. Flexible expenses offer a small amount of choice in spending, while fixed expenses do not.

With the group, list examples of both kinds of expenses on a blackboard. Write down all the expenses you can possibly think of. Encourage your clients to allow a monthly amount for each expense, such as medical payments, rather than waiting until a need arises. Encourage savings. Talk as a group about ways of cutting back.

However, be cautious about your approach to flexible expenses. Even though an expense is flexible, it still must be paid. If a telephone bill varies from $12.00 to $15.00, budget it at $15.00. If a client needs up to $40.00 per month for food in addition to food stamps, budget that amount. In a month when less than the allocated amount is spent, the extra can be put into a savings account, used to stock up on non-perishable groceries, or to take advantage of a special sale. In a category such as medical expenses, remember that while the specific bills may be different from one month to the next, there will virtually always be some outstanding medical bill, whether it is a dentist, pediatrician, or emergency room. In other words, consider treating the flexible expenses as fixed, allocating for each the maximum amount that will be needed. If a client uses the car less often than usual one month, or miraculously has no outstanding medical bills -- great! -- there is extra money, a far more desirable position to being caught short!

EXAMPLES OF FIXED AND FLEXIBLE EXPENSES

FIXED EXPENSES

rent

installment loan

car insurance

savings

life insurance

FLEXIBLE EXPENSES

car maintenance and operation

utilities

food

medical bills and prescriptions

clothing

telephone

child care

laundry

miscellaneous

2. Savings. Many people consider savings a flexible expense only to be paid with money that is "left over". If your clients treat savings in this way, they will probably never save. Instead, consider savings as a fixed expense -- one which *must* be paid each month along with rent and loans. The total amount a person can save each month is less important than the fact that the person is saving regularly. Saving 5% of the income is a good goal toward which to work. But regardless of the actual income or the total amount a person can save, a regular deposit should always be made. Even a person living on the tightest budget possible should eke out a dollar or two each week for savings. By saving a small amount, a person builds up a protection from possible economic problems.

And, a savings account can assist in long-range planning. If a client anticipates a large expense or would like to make a large purchase in the future, a savings account will help that person realize the goal.

E. Balancing the Budget -- The Hardest Part

If, after your group completes this process, the income is greater than or equal to the expenses, then you can help your clients move ahead to the next step. But if the income is less than the amount to be paid out, then it is *ESSENTIAL* to either obtain more income or to reduce the expenses. Assuming that increasing the income is not immediately possible, let us examine some ways to cut down the expenses.

1. Housing Costs. In your group's list of expenses, first examine the highest expense. Probably the greatest percentage of the monthly income goes for housing. If a client is spending more than 25 to 30% of takehome pay for housing, then the client should consider moving. The immediate costs of moving and setting up a new household usually can be quickly offset by the monthly savings in rent. In comparing rents, be sure to consider whether or not utilities are included in the rent.

In some communities, there are housing assistance programs which help with housing costs. Contact the public housing office nearest your community to find out what programs exist in your area.

2. Food Bills. Next, look at the money spent for food. If the client is not already receiving food stamps help the client contact the local welfare office to determine eligibility for food stamps. Next, examine how the money for food is spent. Help your clients learn to avoid frozen and other costly convenience foods, snack foods, and specially-wrapped foods -- many times people pay extra for the convenience of having the food already prepared, but that extra cost is, so to speak, eating up the food dollar. Instead, encourage your clients to choose store brands, and to buy in as large a quantity as is possible. Teach them to read labels very carefully. Compare not only the unit price of grocery products, but the cost per serving, and the nutritive value of the foods. For example, a one-pound jar of peanut butter and the same size jar of jelly may be fairly close in price, however the peanut butter is a much more nutritive food, so it is really a better buy. Help your clients to plan meatless meals. A meal with beans and rice as the source of protein can be as nutritious as a meat dish, but at a much lower price. Encourage clients to buy foods that are in season, and help them check newspapers for the best prices. Show your clients how to clip coupons from newspapers, how to save coupons received in the mail, and how to look for ads and coupons at the store. Meals should be planned on a weekly basis, with the use of leftovers as part of the plan. But menus should be flexible, so that substitutions can be made if there is a real bargain when the client actually gets to the store. Some stores now offer pamphlets on wise food shopping, which you may obtain and give to your clients. With a little extra effort, you can help your clients find many ways to cut back on the food budget. Find a speaker from your local VPI and SU Extension Office, or from another group, to talk further about shopping for groceries

(suggestions for speakers are listed on page 26 of this book).

An additional money-saver is careful gardening and preserving. Some local canneries allow people to use their canning equipment -- check to see what services are available in your area.

3. Transportation. The next source of spending to examine is transportation. If your clients rely on public transportation, they should use buses instead of taxis whenever possible. Simple suggestions for cutting back in this category include sharing rides with a friend, or having a friend run errands in exchange for some babysitting time. If your clients own their own cars, encourage them to do some of the maintenance themselves or with a friend. Encourage them to stock up on motor oil when it is on sale, and to keep the car well-tuned and in good operating condition. If the total cost for operating the car, including insurance, gas, repairs, and maintenance is still the main source of problem in the budget, the client should consider selling the car and using alternative transportation instead, if possible.

4. Insurance. Many of your clients probably spend income on different types of insurance: car insurance, health insurance, life insurance, property insurance, or burial insurance. Examine with your clients the types of insurance they hold, and whether or not they are getting their money's worth in their policies. Unfortunately, many low-income consumers buy high-priced insurance which seems like a good bargain, but which is not. Help your clients to reduce their expenses for insurance by choosing policies which meet their needs without destroying their budgets.

5. Medical Bills. Next, examine outstanding medical bills, such as doctor or dental bills. If your clients owe a doctor a large sum which they are trying to pay off, have them contact the

doctor's office personally to see if they can pay a small amount monthly toward the outstanding bill, instead of trying to pay the bill in just one or two months. If you help your clients demonstrate to the doctor that they genuinely will pay a small amount faithfully, such as $5.00 each month, they may be able to cut back on the total monthly expenditures for medical costs. Be sure, of course, that your clients are using any public health care assistance to which they are entitled.

Also, when your clients need prescriptions, be sure that they ask the doctor for the *generic* drug name, rather than a *brand* name drug. Generic drugs cost up to 50% less than brand name drugs, even though the actual product is the same.

6. Other Expenses. Next, examine with your clients all the other items in the budget. Locate the main source of problems. Use your imagination to help your clients think of other ways to cut back on expenses. If installment payments are the main source of trouble, read the section in this book on getting out of debt. If utilities present the biggest problem, educate your clients to be extremely careful in their use of electricity and water. Help them contact the different utilities companies to see if they can arrange to be on a budget plan (in which the cost of utilities is divided evenly over the twelve months of the year, instead of varying greatly from one season to the next). Insulation should be checked, and, if necessary, replaced.

One last and very important item to examine in the budget is that of luxury items, as discussed in the introduction. Everyone should be entitled to splurge a little. However, if your client never has enough money to pay the rent, but buys two six-packs of beer each week, you must help that client learn to cut out the beer until the other payments are reworked. By definition, necessities *MUST* come before luxury items in the budget. Therefore, extreme honesty and extreme discipline are absolutely necessary with a client who is not making ends meet. Suggest alternate

sources of free entertainment, such as libraries, programs at the YWCA or YMCA, and local park-sponsored activities.

7. Elderly Clients. There are some special assistance programs designed specifically for elderly people. Supplementary social security income is available for qualifying senior citizens. And there are some special housing programs available for the elderly which are different from the special low-income housing programs. Some housing facilities for senior citizens have transportation available to assist with shopping, and someone at the door to help residents carry their packages.

8. A Few Final Suggestions. The support of working with a group cannot be overemphasized. While some of your clients will still need a great deal of individual counseling and support, many will find that group discussion provides enough encouragement to begin using wiser spending patterns. Peer support and suggestions can be the strongest motivation to a client who needs help making some changes.

If you have tried all of these practical steps with a client, the client has been extremely well-disciplined, you see absolutely no opportunity for the client to either cut costs further or obtain additional income, and the client still cannot make ends meet, then contact a professional consumer credit counseling agency. Suggestions are listed on page 26 of this book.

F. Paying Bills on Time

The next step in planning a budget is learning to pay bills on time. The best way to do this is to take the list of monthly expenses and write down the date each of the expenses must be met.

AN EXAMPLE OF HOW TO LIST DUE DATES

EXPENSE	DUE DATE
Rent	1st
Car maintenance and operation	Weekly
Utilities (electricity, oil, gas)	5th
Food (in addition to food stamps)	Weekly
Installment loan	18th
Medical bills and prescriptions	As needed
Clothing	As needed
Car insurance	7th
Telephone	10th
Child care	As needed
Laundry	Weekly
Savings	30th
Life insurance	12th
Miscellaneous	As needed

Next, simply divide the bills into weeks according to when they are due.

TWO EXAMPLES OF BILL-PAYING SCHEDULES

I. WEEKLY PAYCHECK

1st Week $100.00	
Utilities	$60
Food	10
Clothing	10
Car ins.	15
Life ins.	5

2nd Week $100.00	
Car main. & operation	$30
Food (2 weeks)	20
Loan	20
Medical	10
Telephone	15
Laundry (2 weeks)	5

3rd Week $100.00	
Rent	$80
Car main. & operation	20

4th Week $100.00	
Rent	$85
Food	10
Laundry (2 weeks)	5

Child support payment $60.00	
Car main. & operation	$15
Medical	10
Clothing	10
Child care	10
Savings	10
Misc.	5

II. SEMI-MONTHLY PAYCHECK

1st Check $200.00		2nd Check $200.00		Child support payment $60.00	
Car main. & operation	$40	Rent	$165	Car main. & operation	$20
Utilities	60	Car main. & operation	5	Clothing	20
Food (4 weeks)	40	Loan	20	Child care	10
Medical	20	Laundry (2 weeks)	5	Savings	10
Car ins.	15	Misc.	5		
Telephone	15				
Laundry (2 weeks)	5				
Life ins.	5				

This process tells you which check will be used to pay which bills. It also allows you *NOT* to worry about anticipated bills, because you have already worked into your schedule when to pay them. This process may take a couple of months to work out, as you keep track from one month to the next when each bill arrives and when it is due. This process also helps you *NOT* to spend money too freely when it comes in, because it is easy to see on paper where the money must go.

Notice that sometimes money must be allocated in advance for an expense -- such as food money in the second week of the first example. It is important to consider this money unavailable for any other purpose while you are waiting to use it. Also note that sometimes it is necessary to save money from one check to combine with money from the next check in order to make a payment -- such as money for rent in the third week of the first example.

G. How to Pay Bills and Keep Records

We have already discussed how to set up a budget and how to organize bill paying so that bills are paid on time. Now let us examine the choices an individual has for keeping money, paying bills, and maintaining records.

1. Cash. The first choice, of course, is cash. Many low-income consumers use a money management system in which all transactions are carried out with cash. Such a system has several advantages.

First, virtually everyone accepts cash, without identification or approval. Second, cash is easy to understand -- it is not a theoretical system. In other words, it is fairly easy to understand that the four five-dollar bills in your hand equal twenty dollars, and that they can be used to pay a twenty dollar electric bill. Third, you cannot spend more cash than you have -- if you have no money in your pocket, you cannot spend it.

However, cash also has several obvious disadvantages. First, since everyone accepts cash, it is EASY to spend impulsively -- much easier than obtaining a money order or writing a check. Second, there is no protection if cash is lost or stolen. It is simply gone. And third, using cash offers no record of spending. A person who handles all financial matters using cash has no receipts or records of where the money goes, unless that person specifically asks for receipts and takes the time to make careful records.

2. Money Orders. A second alternative for paying bills, and one which is used fairly commonly by low-income consumers, is money orders. Like cash, a money order is generally accepted. Unlike cash, a money order automatically provides a receipt to the consumer. And money orders are fairly easy to understand: a money order represents the specific amount of money which was paid for it (minus the service charge). You cannot spend money which you do not have using a money order. And while tracing a lost money order may take some time, you eventually can get your money back if you do lose a money order.

There are two disadvantages using money orders. The first is that they are expensive, currently costing fifty cents each. The second is that they are not particularly convenient to obtain -- it is necessary to go to a bank, post office, or business establishment to purchase a money order.

3. Checks. The third alternative for paying bills is using checks. Checks have two major advantages. The first is that using checks automatically provides a record of spending. A cancelled check usually is considered as good as a written receipt. The second advantage of using checks is that a lost check generally does not represent lost money. If a check is lost, you can stop payment on the check and write a new one. An additional advantage of using checks is that the money is not as accessible to spend, because it is not ready cash.

The major disadvantage of checking accounts is that they represent a more abstract concept than cash or money orders. A person using a checking account must understand that the numbers in the checkbook represent dollars and cents. People who have trouble understanding this will not be able to balance a checkbook, and may write checks that bounce. A second disadvantage of checking accounts is that they may cost money, although usually less than money orders. Many areas now offer free checking with no required minimum balance, so that the only fee is that for the checks themselves. Explore the costs of banking in your area.

4. Which Method to Use? Determining the best bill-paying method for a client will involve several conversations with the client. The most important aspect to consider is your client's ability to understand the different systems described above. Consider the client's ability to keep records, to balance a checkbook, and to get to a bank to purchase money orders. Do not help a person to open a checking account if it is likely that that person will simply write checks, regardless of the funds in the account. And do not encourage a client to use money orders if that person is rarely able to get to a bank. As you help a client set up a system, work closely with the client, offering assistance and encouragement as often as is necessary to make the chosen system work.

5. Record Keeping. Keeping records need not be complex. The purpose of keeping records is to let yourself know whether or not you have paid a bill, and to help you see where your money goes. The following chart is one example of how to keep a record. Use your imagination to think up other methods that work with your particular clients.

AN EXAMPLE OF HOW TO KEEP A RECORD

MARCH EXPENSES

Expense	Amount	Due Date	Date Paid	Check Number
Rent	$165.00	March 1	March 1	236
Electricity	18.75	March 5	March 4	237
Oil	24.97	March 20	March 19	242
Loan	25.00	March 18	March 15	241
Doctor bill	10.00	March 10	March 10	240
Car ins.	15.00	March 7	March 5	238
Telephone	13.23	March 10	March 9	239

H. Getting Out of Debt

Being in debt can be at once frightening and humiliating. People who owe money but who cannot meet a payment often try to hide from their creditors. This is a mistake. If it is impossible to meet a payment or pay a bill, the problem should be discussed with the creditor immediately. If there is a long-term financial problem, it may be possible to refinance the loan at reduced monthly payments. If the problem is only temporary, the creditor may be willing to accept partial payments.

If one of your clients is in debt, there are several things you can do to help. First, go over the client's budget in detail. Help the client choose areas to cut back. Stress that the client *MUST NOT USE CREDIT FOR ANYTHING* until the budget is re-organized and the client is out of debt. Second, help the client decide how much can be paid to each creditor. In general, it is better to make a small monthly payment to each creditor on a regular basis, rather than to pay off one debt while ignoring another. Third, encourage the client to approach the creditor, and offer to call or write the creditor on the client's behalf. Describe the proposed new payment schedule to the creditor, making clear that the client will be making regular monthly payments. Fourth, talk with the client as often as is necessary to provide support and encouragement. Use a calendar to determine when the client will be out of debt. Seeing the end point, even if it is months away, makes it easier to stick with the budget.

III. SIGNS OF FINANCIAL TROUBLE

One way to avoid serious financial problems is to know the signs of financial trouble before it is necessary to declare bankruptcy. Here are some signs that indicate that a client should re-examine spending habits:

1. Paying more than 30% of takehome pay for housing costs. As described above, a person may *choose* to pay, for example, 40% of the income for housing, willingly cutting back in other areas. But if a budget is uncomfortably tight and the person is paying that much for housing, finding a less expensive place to live should be considered.

2. Paying more than 10% of takehome pay for installment loans (other than housing). Remember to include any payments on revolving charge accounts (such as department store credit cards) when you calculate this amount.

3. Taking out a second installment loan before the first is paid off.

4. Having less than three months' pay in an accessible account. Many people gasp at this suggestion. But consider this: if you could not work for three months, but you had that much money in liquid assets, your family could still get by without too much suffering.

5. Needing to borrow money, or to withdraw funds from a savings account, to pay *regular* bills.

6. Taking out a loan to consolidate outstanding bills.

Do not panic if any of the above signs of trouble applies to a client. But do help the client re-examine spending habits and try to make improvements. If you have a client who is seriously in debt, a wise idea is to seek credit counseling. Free consumer credit counseling services are available in some areas of Virginia. These free services are designed to help people rewrite their budgets, pay off debts, and avoid future financial problems. People to contact for help are listed on page 26 of this book.

IV. RELATED MATERIALS AVAILABLE ON A FREE-LOAN BASIS FROM THE OFFICE OF CONSUMER AFFAIRS

TITLE	TOPIC
FILMSTRIPS:	
The Budgeting Series	*writing a budget*
Energy: Use it Wisely Around the Home	*using energy wisely*
Fudge-it Budget	*techniques for effective budgeting*
Income, Outgo	*spending practices*
Outgo Puzzle	*analyzing spending habits*
16mm FILMS:	
The Owl Who Gave a Hoot	*general consumer skills*
Read the Label, Set a Better Table	*wise food shopping skills*
OTHERS:	
Stretching Your Retirement Income -- slide-tape presentation	*money management for retirement*
The Budgeting Workbook	*practical exercises and examples to help teach budgeting*
The Budgeting Game	*practical experience in budgeting*

V. OTHER SOURCES OF RELATED INFORMATION AND ASSISTANCE

BANKS

BETTER BUSINESS BUREAUS

Norfolk	804 627-5651
Peninsula Area	804 380-8494
Richmond	804 355-7902
Roanoke	703 342-3455
Washington, DC	202 393-8000

CONSUMER AFFAIRS OFFICES

Alexandria Office of Consumer Affairs	703 750-6675
Arlington Office of Consumer Affairs	703 558-2142
Fairfax County Department of Consumer Affairs	703 691-3214
Newport News Office of Consumer Affairs	804 247-8616
Norfolk Division of Consumer Protection	804 441-2823
Prince William County Office of Consumer Affairs	703 221-4156
Roanoke Consumer Protection Division	703 981-2583
State Offices of Consumer Affairs	
--Northern Virginia Branch Office	703 573-1286
--Richmond Office	800 552-9963 (toll-free 804 786-2042
Virginia Beach Consumer Protection Office	804 427-4421

CONSUMER CREDIT COUNSELING SERVICES

Northern Virginia	703 591-9020
Tidewater	804 622-7017

CREDIT BUREAUS

FEDERAL TRADE COMMISSION

Office of Public Inquiry, Federal Trade Commission, 6th and Pennsylvania Avenues NW, Washington, DC 20580. Has pamphlets on fair credit billing, debt collections, and many other consumer topics.

FOOD STORES

Consumer affairs advisor
Produce manager
Store owner

LIBRARIES

MONEY BOOK by Sylvia Porter
Advice on various financial matters

VIRGINIA BANKERS ASSOCIATION

VPI and SU EXTENSION OFFICES -- located in each county